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RUEHBJ/AMEMBASSY BEIJING PRIORITY 6631
RUEHMO/AMEMBASSY MOSCOW PRIORITY 2887
RUEHUL/AMEMBASSY SEOUL PRIORITY 4091
RUEHTC/AMEMBASSY THE HAGUE PRIORITY 0031
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C O N F I D E N T I A L SECTION 01 OF 02 ULAANBAATAR 000054

SIPDIS

STATE FOR EAP/CM, DRL;
COMMERCE FOR ZHEN GONG-CROSS

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TAGS: [ELAB](#) [PHUM](#) [SMIG](#) [EAIR](#) [PGOV](#) [PREL](#) [MG](#)

SUBJECT: AERO MONGOLIA: UNION BUSTING, STATE COMPLICITY

Classified By: Political Officer Dan Rakove for reasons 1.4 (b) and (d)

¶1. (C) SUMMARY: A labor strike at domestic carrier Aero Mongolia raises new concerns about the deficiencies of law enforcement and the political influence of corporations. Exercising their legal right, all 70 employees of Aero Mongolia organized a trade union in the fall of 2008 and registered it with the Ministry of Social Welfare and Labor (MSWL). Aero Mongolia's management threatened the unionists, fired the four elected leaders, and legally challenged the MSWL's decision to recognize the union. The court sided with the MSWL and required management to hire and compensate the sacked employees. Reports are that management refused to do so, instead intimidating them, hiring under-skilled replacement technicians and mobilizing state support to undermine the union. In the process, Aero Mongolia demonstrated its impunity and the state its complicity in violating bedrock labor law. END SUMMARY

¶2. (C) Aero Mongolia is a subsidiary of the powerful and politically connected Mongolian corporate conglomerate Monnis. Heavily financed by Canadian, Chinese, and Japanese investors, Monnis is also the official distributor of Good Year, Nissan, and other foreign commercial products, and is a large mining and construction equipment distributor. CEO B. Chuluunbaatar is reportedly a friend of former President Enkhbayar (MPRP), and MP Bat-Erdene (MPRP) sits on the Executive Board. Despite there being no political donation recorded in their names for the 2008 election, it is commonly believed that Monnis supports the MPRP and receives state contracts in return.

¶3. (SBU) According to the Confederation of Mongolian Trade Unions (CMTU), in the fall of 2008, all 70 employees of Aero Mongolia successfully filed for recognition of their new trade union with the MSWL. Aero Mongolia challenged this decision in court and threatened the new union members with firing. Faced with this threat, all but the 14 engineers and technicians abandoned the union. Of these, four assumed leadership roles and were summarily fired. The remaining ten went on strike, beginning on November 24, 2008.

¶4. (SBU) These maintenance workers persisted in demanding collective bargaining to improve wages and work conditions, both of which fall below that of Mongolian Airlines (MIAT), which no longer operates domestically. Salaries average 500,000 MNT (345 USD) per month and workers consistently log 15 hour days beginning at 5 AM. As the company lacks a hangar, they work outside in temperatures that fall to -40 in the winter. Workers rest 3-4 days a month although this is not fixed as there are no written individual employment

contracts. Whereas the state sponsored airline MIAT employs more than 100 workers to service a fleet of four (of which two are operational), Aero Mongolia retains 14 workers to maintain a fleet of four (of which only one is currently operational).

15. (SBU) Despite successive court verdicts declaring the union lawful and requiring management to rehire and compensate the four fired union leaders, management has refused to obey these court orders. When confronted with the court order by the fired workers, the company rejected it and threatened violence against the workers and their families. The strikers subsequently picketed, but were denied entrance as management posted signs with their pictures, stating they were not to be admitted onto the premises. In another picket, the police forcibly removed the striking workers from the grounds while threatening arrest. The workers applied to other airlines for jobs but were unsuccessful, speculating they had been blacklisted.

16. (SBU) Meanwhile, Aero Mongolia hired one worker from the Netherlands to supervise maintenance of the Dutch planes. By immigration law, foreigners can only be hired for tasks that Mongolians cannot carry out (waivers can be obtained for a fee). There is no provision granting an exception if those skilled workers are on strike. Nonetheless the Immigration Agency granted a visa and the MSWL a work permit to the Dutch engineer. Aero Mongolia also attempted to hire one Fokker maintenance worker from Air Astana in Kazakhstan (all four Aero Mongolia planes are Fokkers; two 50-seaters and two 100-seaters). The Confederation of Mongolian Trade Unions

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(CMTU) persuaded the Kazakh workers to refuse, appealing for labor solidarity.

17. (C) To fill the remaining manpower vacancy, Aero Mongolia promoted the trainees of the striking workers despite their lack of qualifications. By regulation of the Mongolian Civil Aviation Authority (MCAA), airplane maintenance and repair staff must have five years of hands on training outside of technical school. Additionally, Aero Mongolia traditionally employed staff who had taken specialized Fokker maintenance courses in the Netherlands. The trainees lack both of these prerequisites. The strikers attributed these lapses in turn to a 2009 incident in which an Aero Mongolia aircraft's motor halted mid-flight; post has also heard reports that one of that aircraft's two engines exploded shortly after takeoff. The plane made an emergency landing.

COMMENT

18. (C) The labor strike raises new concerns about workers rights to organize, the political influence of corporations, and the inefficacy of the courts. Whereas the judicial system sided with the unions, their decision remains unenforced. To the contrary, the Ministry of Social Welfare and Labor, Civil Aviation Authority, Immigration Agency, and agencies of law enforcement demonstrated complicity in the company's actions against the union.

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